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Chief, Planning and Review Staff

26 August 1959

ATTN : [REDACTED] 25X1A9a

THRU : Acting Chief, Industrial Division, OGR  
Chief, Manufacturing Sectors Branch, D/I

Comments on Special Study Prepared by Eqs USACRAPAC, "Development of the Cotton Spinning and Weaving Industry in Communist China, Its Effects and Implications," 5 Apr 59.

1. Although this report has assembled a considerable volume of data on the Chinese Communist textile industry it suffers from an uncritical reliance upon Chinese statistics and statements relating to plans and fulfillment. The major point of difference between this report and the views held by OGR relate to the future prospects for expansion of raw cotton production and the expansion of the textile industry. The report accepts the Chinese claims for cotton production for 1958 and Chinese plans for large increases in 1959 and beyond. The report places the capacity of the industry at 8,000,000 spindles at the end of the First Five Year Plan in 1957 and implies that about 12,000,000 spindles are to be added to the industry during the Second Five Year Plan. It is the opinion of OGR, however, that a sustained increase in cotton production of the magnitude called for in present Chinese plans is unrealistic. During the period of the Second Five Year Plan, 1958-62, the overall prospects for raw cotton production do not justify an increase of such over 2 million spindles, although actual additions during this period will probably amount to 3 to 4 million spindles owing to initial Chinese overoptimism.

2. In addition, the report credits the Chinese with the ability to perform an extraordinary volume of plant expansion during 1959. It says that the Chinese are to add 6.3 million spindles during 1959, to bring the total spindle inventory up to 15.5 million. Moreover, the paper estimates that a total of 10 million spindles will be available for production of yarn during 1959. This branch believes that at best slightly less than 9 million will be available.

3. The report also credits the Chinese with an excessively high average capacity per spindle -- about 219 kilograms of yarn per spindle per year. This branch believes that the capacity is now slightly less than 160 kilograms. The report, as a result of the high capacity figure and the high estimate of spindles available in 1959, accepts the Chinese yarn production target of about 2 million tons of yarn in 1959. However, this branch believes that the Chinese cannot make more than about 1.4 million tons of yarn in 1959.

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in Communist China, Its Effects and Implications,"  
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4. In addition to the specific points made above the report  
contains a number of other factual errors which further limits the  
usefulness of this report.

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